

SUBMISSION
OF THE
ONTARIO FEDERATION OF LABOUR
TO THE
PREMIER OF ONTARIO



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Presentation to the
Premier's Delegation to the
First Ministers' Economic Conference
by the Ontario Federation of Labour

Mr. Premier:

One week from tomorrow you will be meeting in Ottawa with nine other Premiers and the Prime Minister at the First Ministers' Economic Conference. We are here today because this country cannot afford another exercise in futility. We are here because we are fed up with pious talk and dangerous economic theories that never seem to work. We are here because our members are angry, frustrated and disillusioned, and they want us to tell you so in no uncertain terms.

We are not here to argue about how many people are unemployed in Canada. You know the figures as well as we do.

We are not here to argue about high interest rates. You read as well as we do.

And you don't need to be reminded of the chilling litany of layoffs in manufacturing in Ontario and across the country that have pushed our economy into a serious recession.

We are not here to recite another batch of statistics. We are here to tell you what those numbers mean, because we think governments have lost touch with the extent of human suffering their misguided policies have brought about.

Statistics are only the cold facts. They cannot possibly reflect the debilitating despair and the dashed hopes of a large segment of the population of Ontario.

When you hear about this week's Bank of Canada interest rate, don't think about it as just a high number. Think about the first-time homeowner hit with a 75 percent increase in interest costs, when the family's income was already stretched to the breaking point. Think of the small businesses - hundred of them - that just can't keep their heads above water. Think about the farmer who can't afford to feed his cattle, much less pay high interest costs.

The daily layoff announcements aren't just lines typed on a newspaper page. They're workers' jobs gone forever; they're lives disrupted, hopes lost, plans upended. For some, it is the end of the road. For others, unemployment or welfare. For many, it is both a personal tragedy and an economic disaster.

Inflation. It may be a mystery to the federal government or to some economists and commentators; it's not to pensioners or those on fixed incomes.

When you think about higher prices, don't think about how much better things would be if there were another supermarket price war. Think about the elderly, the ill and the working poor who have already trimmed the fat - and the protein - from their diets.

When the bureaucrats talk about employment adjustment, and for the need of workers to be mobile, think about communities destroyed, families disrupted, young people's faith in the future gone.

These things are not just numbers. They are real things happening to real people.

The response by the federal government has been worse than pathetic. It verges on the criminal.

They say we have high interest rates because interest rates are high in the United States. This logic would have us destroy our own country, just because President Reagan seems determined to destroy the economy of his with his absurd experiment in soak-the-poor economics. A number of Canadians are wondering who it was that voted Ronald Reagan our Minister of Finance.

There has been criticism of the federal budget's tax measures from all sides, including organized labour. But more important than what the budget did is what it didn't do. It didn't create a single job. It had nothing to say about unemployment. It didn't even make a start at the development of an industrial strategy for Canada. To look at the federal budget, you would think that we were in the middle of an economic boom that the government was struggling to cool down. That is how much in touch with reality our national government is.

And then we have the latest response from Ottawa - a reorganization of the federal departments responsible for economic development. Over one million unemployed, and all we get is ministerial musical chairs. Do they really think that Canadians are that stupid?

There is a real anger out there in the real world. And don't think it's just directed against Ottawa. The Minister of Industry and Tourism got a taste of it from a few Steelworkers in Sudbury recently. He cruised into town to announce 19 new jobs that will be created at a time when 850 workers had just received their layoff notices from Inco. That is irresponsible.

We don't have any quarrel with micro-electronics research and other long-term projects to boost the economy

in the future. But to the man or woman who is on layoff and can't find work right now, that is just pie in the sky. It's not real. Putting food on your table and a roof over your head is real.

Nor are we amused by your Treasurer's musings on wage controls. While admitting that public sector settlements in Ontario lagged behind those of the private sector for the past five or six years, and in face of the fact that wages generally have been falling behind inflation for the past six years, Mr. Miller still persists in flying that old kite of wage controls as a solution to our economic problems. Controls are more than inequitable - they are unworkable.

The orchestrated campaign for wage controls against public sector workers is an attempt to divide us, to make labour the scapegoat, and to divert attention from the real causes of our economic malaise. Such irresponsibility can only heat up the collective bargaining scene.

The current economic policy of this country is not working. The monetarist theory that too many dollars are chasing too few goods has done us immeasurable harm. The move to reduce the money supply and raise interest rates to unprecedented heights has proven to be a disaster. The federal budget, following from these misguided policies, is a blueprint for a depression. It must be scrapped.

Mr. Premier, we have had trouble getting through to the federal government. That is one of the reasons we have come to you to ask for your help in putting the message across.

The Finance Minister thinks his number one task is fighting inflation. He's fighting it - with unemployment.

He's tough; he seems to be prepared to fight it to the last job. And if the rate of inflation keeps going up, he blames it on the United States. And if working people - those who still have jobs - have the nerve to keep up with increases in the cost of living, they are threatened with wage controls.

Wage controls. It's hard to believe that people are actually talking about wage controls, with unemployment over one million, and with wages having consistently fallen behind prices over the past six years.

Let us abandon such red herrings. The priority has to be people: assistance to those hardest hit by high interest rates; increased incomes for the elderly in poverty; immediate jobs to deal with the unemployment crisis; and an industrial and economic development strategy so that we don't keep repeating the same mistakes while our manufacturing base goes down the drain.

Manufacturing, which used to be the engine of Ontario's prosperity, is in trouble. There have been literally tens of thousands of manufacturing layoffs in Canada so far this year. What is disturbing about the recent announcements is that they are showing up in industries such as steel, supposedly a healthy industry, and again in the auto industry, when we thought the worst was over.

If anything, we are more fearful of the future. The CMA talks about another 100,000 layoffs in manufacturing in Canada in the next two months. Given Ontario's pre-eminent manufacturing position in the Canadian economy, these figures are cause for even greater alarm.

These workers and their families need assistance now. They are losing their homes; they are facing an insecure future; and they are having trouble making ends

meet. Social program cuts will make matters even worse.

Jobs are needed now. Both federal and provincial governments must take action to create jobs through public investment programs in areas of social need.

Interest rates must be brought down. Our economy simply cannot withstand a continuation of Mr. Bouey's and Mr. MacEachen's experiment with monetarism. That policy is one import from the United States that we really cannot afford. If exchange controls are needed to insulate our economy from U.S. interest rates, they should be imposed immediately.

The only ones profiting from the present policy are the banks. The Bank Act and other federal and provincial statutes should be amended to control interest rates on mortgages and to guarantee that funds are made available.

Ontario manufacturing workers need a new industrial strategy co-ordinated at the federal and provincial levels to strengthen the base of the Ontario economy for the future. Not just in the area of high tech. It will have to be developed industry by industry, with special policies to deal with each industry's individual needs and problems.

Canadian economic policy is in the Dark Ages. The countries in Europe, whose economies are adjusting successfully to the changing world situation, are doing so because their governments are actively involved and taking responsibility for their countries' economic health. Japan's success is due in part to the role that the government plays in planning and economic development in that country.

Mr. Premier, we are asking you to go to the First Ministers' Economic Conference next week and stand up for Ontario's workers. Their jobs are at stake. As the government of the province that is Canada's industrial heartland, it is your responsibility. Peter Lougheed isn't going to do it. John Buchanan isn't going to do it. He has his own problems to deal with.

If you don't protect Ontario's interests, if you don't speak out for Ontario's workers and their jobs at this conference, no one else will.

Ontario working people will be watching you, and we can tell you they are not in a very forgiving mood.

The following are measures the Ontario Federation of Labour believes Ottawa and Queen's Park must adopt to put Ontario and Canada to work.

1. Interest rates must be brought down to a level reflecting the post-war historical relationship between cost-of-living and interest rates. *
2. Wage controls in any form must be rejected. ***
3. A moratorium on foreclosures and forced sales must be established. ***
4. The Ontario government must bring in measures to protect the homeowners, tenants, small businesses and farmers. **
5. Personal income taxes should be cut for low and moderate income groups. **
6. Tax credits must be given to those on lower incomes. **
7. Medical, drug, dental and other benefit plans should not be taxed. *
8. No reduction in transfer payments to the provinces for social programmes. *

* Federal
** Provincial
*** Federal and Provincial

9. Assistance to corporations should be in exchange for equity.***
10. Government control over all deposit taking institutions must be extended. Financial institutions must be compelled by law to allocate 25% of their investment capital, at reasonable rates, to housing and other socially desirable projects. ***
11. Exchange controls must be imposed to limit the outflow of capital. *
12. Rent controls must be strengthened and protected. **
13. Both governments must introduce immediate job creating investment programs in the areas of transportation, communication, agricultural equipment, forestry, housing, capital works and energy alternatives. ***
14. An industrial and economic development strategy must be adopted that would utilize public ownership and Canadian control so as to reduce our dependence on imports and to expand our manufacturing sector and create jobs. ***
15. The auto pact should be strengthened to give Canada a proper share of industry investment and jobs in keeping with the Canadian market size. Japanese cars must be limited to 10 percent of the Canadian market. When the Japanese are prepared to make a commitment to creating facilities here and sourcing from Canada, only then should the government allow them to increase their share of the Canadian market. *
16. The role of FIRA must be expanded and strengthened to scrutinize and control Canadian capital being used to acquire foreign companies outside of Canada. *

All of which is respectfully submitted.

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